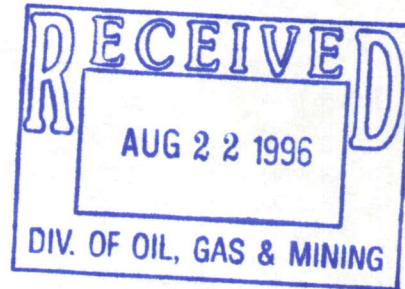


FILE S/045/023

CLIFTON MINING COMPANY

70 West Canyon Crest Rd. Suite D, Alpine UT 84004
Phone: (801) 756-1414 Fax: (801) 756-5454

August 21, 1996



Mr. Thomas Munson
STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL GAS AND MINING
1549 W. North Temple
Suite 1210
Box 145801
SLC, Utah 84114

Re: Update on Annual Report of Mining Operations

Dear Tom,

I am sending this letter as a follow up letter to our phone conversation. As you requested, Dan has sent you a new map showing you what disturbance has been made in accordance with our Herat small mine permit. He estimates that our total disturbance to date is approximately 2.35 acres. That also includes the disturbed area around the new mine portal, on the east side of the Herat claim.

Dan has also measured the area that we have recontoured as part of our reclamation efforts, in the Clifton drill grid area. He estimates the recontoured area to be about .44 acres. As per your request, we will not plan on seeding the area until November or December of this year.

We are not planning any reclamation work on the Kiewitt area at this time, because of the continued exploration work that is currently going on.

If you have any questions, please feel free to call me (801) 756-1414.

Sincerely,

A handwritten signature in dark ink, appearing to read "Keith W. Moeller".

Keith W. Moeller, V.P. - Property Development

KWM:ss